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# **Business Process Improvement Project**

**March 20, 2003**

**Internal Control Review and  
Improvements  
Planning and Budgeting  
Improvements**

# Lab's Current State

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- **90% of the internal control issues relate to implementing existing controls**
  - Not necessary to add a new layer of controls
  - All the risk areas are not known
- **Awkwardness of many of Lab's business processes and practices being addressed**
- **Decentralized approach to management of the Lab's budgets; seeking more uniform methodology**
- **Need for increased management attention to business issues**

# Scope of Internal Control Project

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- **Objective**
  - Validate existing controls are properly implemented
  - Identify weaknesses in the existing controls
  - Determine process and reporting improvements to be incorporated into the EP project
- **Covers both core BUS operations and business processes performed by operating divisions**
- **Focus on the use of self assessments**
  - Providing to ourselves that policies are being implemented
  - Both BUS core functions and operating divisions
  - BUS to provide for framework for divisions self assessments

# Scope of Internal Control Project

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- **Anticipated Products**
  - **Methodology for operating divisions and BUS core self assessments**
  - **Implement enhanced controls resulting from self assessments**
  - **BUS provided training--**
    - **Ensure BTLs have the necessary knowledge to meet division's needs--**
    - **User friendly support to division**
  - **Reduced awkwardness in BUS policies and processes**
    - **Interface with EP**
  - **Improved management reporting**
    - **Increase the exception and analytical reports available to division level management**
      - **Near term via the BTL**
      - **Incorporate into EP enhanced reporting capabilities**

# Scope of Internal Control Project

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- **Strategy**

- Assumes implementation of existing controls is primary focus
- Serve as the focal point for the various reviews
- Develop corrective action plans and/or take corrective action as quickly as possible
- Focus on high risk areas first
- Use the BTLs as the interface to the operating divisions

Require a number of BUS actions which in the short run will add stress to the organization and in the longer term may require a budget increase

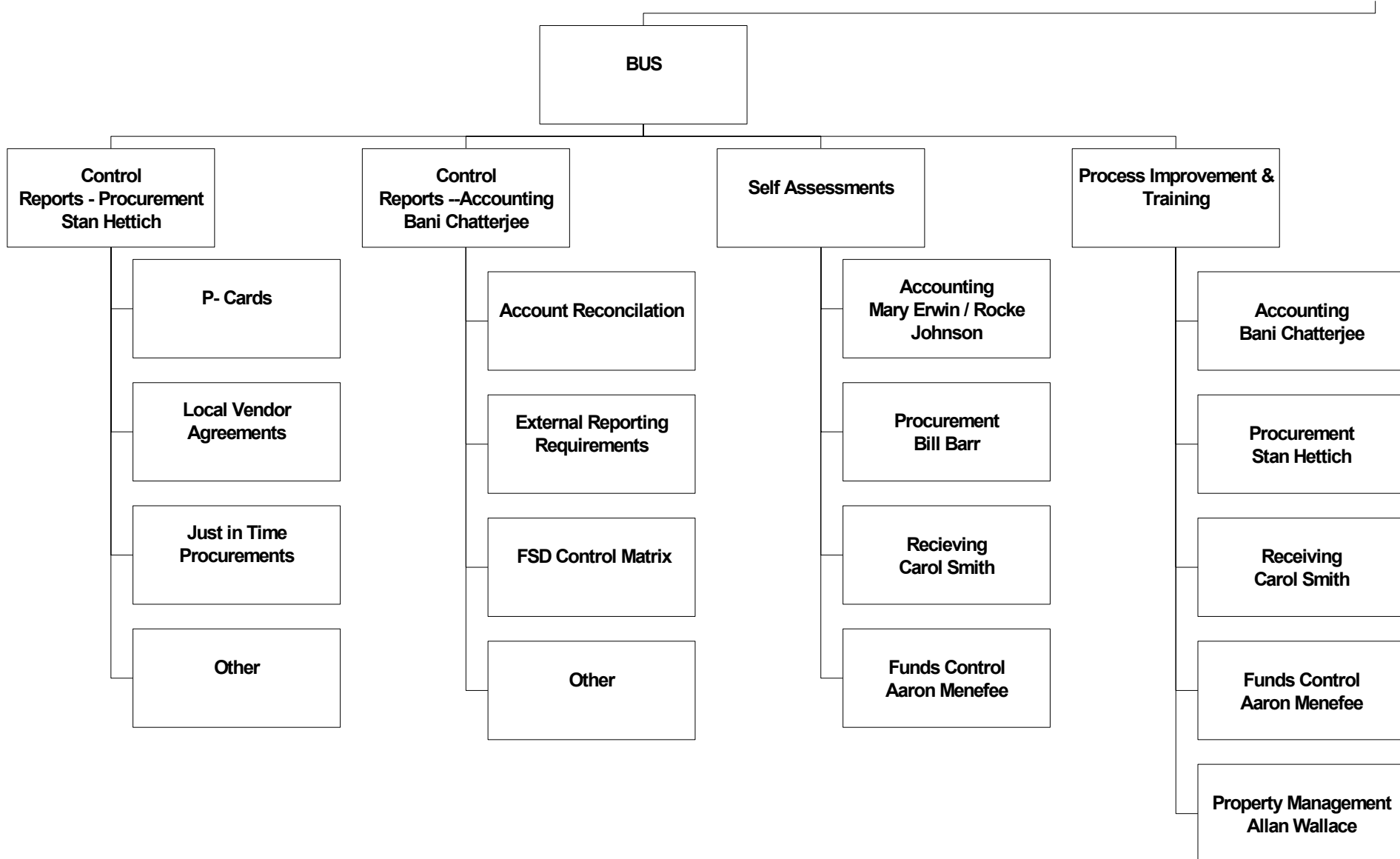
# **Addressing Highest Risk Areas**

- **Cost Corrections**
  - Make sure properly documented
  - Assure appropriateness
- **P Cards**
  - Assure disputes resolved in timely manner
  - Assure manual reconciliations recorded
  - Improve centralized review
- **Vendor selection**
  - Involve contractor staff appropriately
  - Follow correct steps to ensure competition
- **Task Order Contractors**
  - Use in appropriate manner

# **Highest Risk Areas, cont'd**

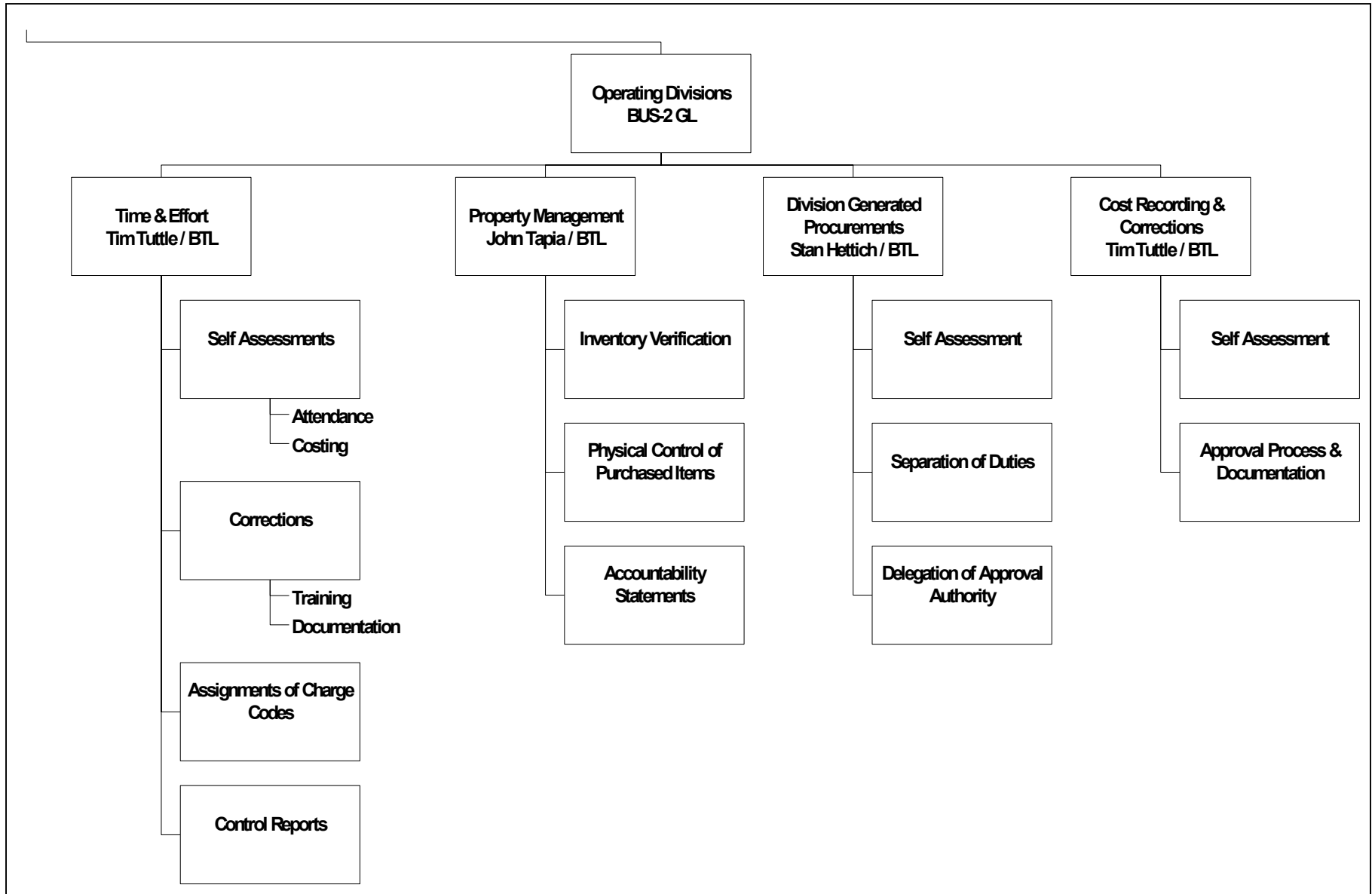
- **Time & Effort**
  - Ensure attendance is verified
  - Make sure effort reporting is accurate
- **Local Vendor Agreement(LVA) Procurements**
  - Establish ability to assure receipt of goods
- **Just-in-Time Procurements**
  - Establish internal controls independent of vendor performance
  - Enhance software reporting capabilities
- **Property Inventory by accountability statement**
  - Add verification of property location
- **Receipt of controlled property ordered via P-Card or LVA**
  - Make sure included in property inventory

# Internal Control Review-- BUS Core Operations





# Internal Control Review-- Operating Divisions



# **Internal Control Project– Phase 1**

- **Reemphasize the Business Teams Leader (BTL) role as a resource to the divisions for business stewardship**
  - Appropriateness of transactions
  - Assessment of business stewardship
  - Interface to core BUS resources
- **BUS core functions self assessments**
  - Accounting
  - Procurement
  - Receiving
  - Funds control
- **T&E self assessment for operating divisions**
- **Analytical review of LVA and JIT procurements-**
  - Assess vulnerability
- **Ensure P–Card procedures are being followed**

Completed by Jan 31

# Internal Control Project– Phase 2

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- Enhance controls in highest risk areas– **March**
  - Determined based on self assessments
- Enhance performance control reports- **April**
  - Accounting
  - Procurement
- Develop analytical reports for the operating divisions- **April**
  - Procurement
  - Property
  - Cost corrections
  - T&E
- Wall to Wall property inventory-**Sept**